United Nations A/60/984

General Assembly

Distr.: General
22 August 2006

Original: English

Sixtieth session
Agenda items 46 and 120

Integrated and coordinated implementation of and follow-up to the outcomes of the major United Nations conferences and summits in the economic, social and related fields

Follow-up to the outcome of the Millennium Summit

Arrangements for establishing the Peacebuilding Fund

Report of the Secretary-General

Introduction

1. The present report is submitted pursuant to General Assembly resolution 60/180 and Security Council resolution 1645 (2005), in which the Secretary-General was requested to report to the Assembly on the arrangements for establishing the Peacebuilding Fund.

Context

2. Member States recognized that a key objective of the Peacebuilding Fund would be to ensure the immediate release of resources needed to launch peacebuilding activities. In response to the above-mentioned resolutions, the Peacebuilding Support Office led efforts to develop terms of reference that would govern the use of the Fund. The terms of reference are contained in the annex to the present report.

3. The terms of reference were developed based on extensive consultations, including initial technical discussions held with the organizations and bodies of the United Nations system. Following the completion of that round of consultations, intensive informal consultations were held with interested Member States, including delegations of the Peacebuilding Commission. In finalizing the terms of reference, the Peacebuilding Support Office thus took into account the valuable comments provided by Member States, the organizations and bodies of the United Nations system and relevant international financial institutions involved in peacebuilding support activities.

06-47602 (E) 300806

4. The Peacebuilding Fund is designed to support interventions that are considered critical to the peacebuilding process. It does not seek to address all peacebuilding requirements in a given situation; rather, it aims to have a catalytic effect that will pave the way for the sustained support and engagement of other key stakeholders. The Fund will be managed by the head of the Peacebuilding Support Office, under the authority of the Secretary-General.

5. The assistance provided by the Fund will be used to support peacebuilding activities that directly contribute to the stabilization of countries emerging from conflict. In that context, the Fund will be used for carrying out critical peacebuilding-related interventions to facilitate the implementation of peace agreements, strengthen a country's capacities to promote peaceful resolution of conflicts and respond to threats that might lead to the recurrence of conflict.

6. The terms of reference also focus on key areas related to the allocation and disbursement modalities of the Fund. In that regard, they address the issue of eligibility for funding and the role of the Peacebuilding Commission in advising the Secretary-General on the selection of countries eligible for consideration for funding, which thereby activates the process. The terms indicate that funding from the Peacebuilding Fund will be informed by an analysis of critical gaps in peacebuilding that would be conducted by national authorities and the United Nations presence in the country concerned. Furthermore, they specify that submissions for funding will be submitted in the form of priority plans that would include the overall funding requirements for peacebuilding interventions and highlight the need for additional support from the Peacebuilding Commission. A key coordinating role in the allocation and disbursement process will be assumed by the head of the Peacebuilding Support Office, who will work with other senior United Nations officials to ensure that no duplication occurs in the disbursement and allocation of resources from the Fund.

7. Management of the Fund will be assumed by the United Nations Development Programme (UNDP), which will act as fund manager or administrative agent, with primary responsibility for maintaining the Fund's accounts. The Fund will thus be managed in accordance with UNDP regulations, rules, directives and procedures. A formal agreement detailing the relationship between UNDP and the Secretary-General will be developed in due course.

8. Both the General Assembly and the Peacebuilding Commission will have a role in the governance arrangements for the Fund. An independent advisory group of eminent personalities with peacebuilding experience will also be appointed to provide the Secretary-General with appropriate advice on strengthening the functioning and use of the Fund. These governing arrangements will help to ensure that the Fund is managed in a transparent manner. The terms of reference also indicate that the use of the Fund will be actively monitored by the Peacebuilding Support Office.

Conclusion

9. The recommendation by Member States to establish the Peacebuilding Fund should contribute towards addressing a critical gap that is particularly common immediately following the signing of peace agreements. It is during this time that many Governments require a swift injection of resources to enable them to pursue

critical peacebuilding programmes to consolidate the peace process. The resources from the Fund, combined with the efforts of the Peacebuilding Commission, will help to ensure that post-conflict countries continue to benefit from the sustained attention and support of the international community.

10. In the light of the above, Member States are invited to give their support to the Peacebuilding Fund and are encouraged to provide regular voluntary contributions to ensure that it effectively addresses the critical peacebuilding activities of countries emerging from conflict.

Annex

Terms of Reference for the Peacebuilding Fund

1. General

1.1. The General Assembly and the Security Council have requested the Secretary-General to establish a multi-year standing Peacebuilding Fund for post-conflict peacebuilding.[1] The Fund constitutes an essential component of the enhanced architecture to provide for a more sustained engagement in support of countries emerging from conflict and will support peacebuilding activities which directly contribute to post-conflict stabilization and strengthen the capacity of Governments, national/local institutions and transitional or other relevant authorities.

1.2. The Peacebuilding Fund is a global fund designed to support several country situations simultaneously and therefore combines the scope of a global fund with the country-specific focus of a multi-donor trust fund. Its basic architecture is based upon a two-tier decision-making process, involving a central allocation of funding to the countries eligible for Peacebuilding Fund support and, at the country level, a joint review by the Government and the ranking United Nations representative in the country (hereafter referred to as "special representative of the Secretary-General", whether for a special representative of the Secretary-General, an executive representative of the Secretary-General or a resident coordinator/humanitarian coordinator where there is no peacekeeping mission) to disburse funds against agreed-upon programme and project activities.

2. Scope of the Peacebuilding Fund

2.1. The Peacebuilding Fund will support interventions of direct and immediate relevance to the peacebuilding process and contribute towards addressing critical gaps in that process, in particular in areas for which no other funding mechanism is available. Use of Fund resources is meant to have a catalytic effect in helping to bring about other, more sustained support mechanisms, such as longer term engagements by development agencies and bilateral donors. Support extended through the Peacebuilding Fund must have a direct and positive impact on the sustainability of the peacebuilding process. The specific scope of the activities to be funded by the Peacebuilding Fund will thus include:

(a) Activities in support of the implementation of peace agreements, in particular in relation to national institutions and processes set up under those agreements;

(b) Activities in support of efforts by the country to build and strengthen capacities which promote coexistence and the peaceful resolution of conflict, thereby reducing the likelihood of recurrent conflict;

(c) Establishment or re-establishment of essential administrative services and related human and technical capacities which may include, in exceptional circumstances and over a limited period of time, the payment of civil service salaries and other recurrent costs;

---

[1] See General Assembly resolution 60/180 and Security Council resolution S/RES/1645 (2005).

(d) Critical interventions designed to respond to imminent threats to the peacebuilding process (e.g., reintegration of ex-combatants disarmed under a disarmament, demobilization and reintegration programme).

2.2. Consultative processes with key stakeholders at both the country level and at United Nations Headquarters will be required to ensure that there is no duplication or overlap between the Peacebuilding Fund and other funding mechanisms. This ongoing coordination effort will also need to extend to the transition from peacebuilding support to sustainable development.

2.3. The Peacebuilding Fund will support efforts to address immediate needs in countries emerging from conflict at a time when sufficient resources are not available from other funding mechanisms that could extend support to peacebuilding activities. The Peacebuilding Fund would thus focus on delivering the greatest value added during the very early stages of a peacebuilding process, before donor conferences are organized and such funding mechanisms as country-specific multi-donor trust funds have been set up.

2.4. There may, however, be specific instances in which the Peacebuilding Fund could meaningfully extend support to countries at a more advanced stage of their peacebuilding process, in particular:

(a) Countries for which no multi-donor trust fund has been established;

(b) Countries with an operational multi-donor trust fund but in which critical peacebuilding interventions remain underfunded or in which the need for such interventions arises unexpectedly.

3. Allocation and disbursement process

3.1. In principle, any country reviewed by the Peacebuilding Commission should be considered as a possible recipient for Peacebuilding Fund support. The Commission will advise the Secretary-General that the country under consideration should be considered as eligible for funding, which then formally triggers the allocation and disbursement process. The Commission is expected to make this determination early on in its deliberations to ensure that support through the Fund can be brought about in a timely manner.

3.2. The Secretary-General may determine that a country in exceptional circumstances and on the verge of lapsing or relapsing into conflict be considered eligible for Peacebuilding Fund support, even if the country is not yet under consideration by the Peacebuilding Commission. The Secretary-General will inform the Commission of such a decision.

3.3. The national authorities and the United Nations presence in the country will jointly conduct an analysis of critical gaps and, on that basis, will draw up a short-term priority plan which contains a select number of critical interventions to strengthen and sustain the peacebuilding process. These proposed interventions should be presented to the head of the Peacebuilding Support Office in the form of succinct concept notes and be supported by respective budget estimates. Where a post-conflict needs assessment has been completed or is ongoing, the results of that assessment should feed into the priority-setting exercise.

3.4. The priority plan may indicate tentative funding requirements beyond the immediate scope of the Peacebuilding Fund. The Peacebuilding Support Office

would present such requirements to the Peacebuilding Commission, with a view to securing early consideration for additional financial support from other sources, including from bilateral donors.

3.5. Under the authority of the Secretary-General, the head of the Peacebuilding Support Office will conduct an expeditious review of the priority plan through a consultative process involving senior officials from the Department of Peacekeeping Operations, the Department of Political Affairs, the Office for the Coordination of Humanitarian Assistance and the United Nations Development Programme,[2] the Office of the United Nations High Commissioner for Human Rights and the international financial institutions, where appropriate, in an effort to avoid any duplication with ongoing or planned interventions. On the basis of the review, the head of the Peacebuilding Support Office will determine the overall funding envelope for the country, with due regard to the available balance in the Fund and projected requirements for other countries likely to be considered by the Peacebuilding Commission.

3.6. Following the determination of the funding envelope, the review and approval of project activities will be conducted at the country level in a process co-managed by the respective special representative of the Secretary-General and the Government authorities concerned. They will consult with other stakeholders in the country, utilizing existing coordination and consultation mechanisms. In formally approving project submissions, the special representative of the Secretary-General and the Government will need to ensure that any activities to be funded under the Peacebuilding Fund country allocation will:

(a) Support the priorities identified in the priority plan;

(b) Seek to address a gap that cannot be funded through any other mechanism;

(c) Not duplicate other ongoing interventions.

3.7. In addition to central Government authorities, the organizations and bodies of the United Nations system, including its funds, programmes and specialized agencies, and other international organizations and non-governmental organizations (all of which hereafter referred to as "recipients") can receive Fund support through project agreements as implementing partners.

3.8. In circumstances where the country requires access to immediate funding in order to respond to an unforeseen and imminent threat to the peace process, the Fund will allow for emergency disbursements, not to exceed $1 million. This rapid disbursement will be approved by the head of the Peacebuilding Support Office on the basis of a simplified submission format. The Secretary-General will inform the Peacebuilding Commission about the activation of this emergency facility.

4. Management of the Peacebuilding Fund

4.1. Under the authority of the Secretary-General, the head of the Peacebuilding Support Office will provide overall direction and guidance on the programme management of the Fund and monitor its operations. The United Nations

[2] In their respective capacities as chairs of the Integrated Mission Task Force, the Executive Committee on Peace and Security, the Executive Committee on Humanitarian Assistance and the United Nations Development Group.

Development Programme has been appointed to serve as the fund manager (administrative agent) responsible for the administration of the Fund, the receipt of donor contributions and the disbursement of funds in accordance with the present Terms of Reference. The United Nations Development Programme will administer the Fund in accordance with its regulations, rules, directives and procedures. A formal agreement to determine fiduciary responsibility, programming modalities at the country level and related reporting requirements will be negotiated directly between the Secretary-General and the Administrator of the United Nations Development Programme.

4.2. The Fund will be utilized for the purpose of meeting the direct and indirect costs of projects managed and/or implemented by the recipients. In addition, Fund resources may be used by the Peacebuilding Support Office, the fund manager, the office of the special representative of the Secretary-General and its national counterpart directly involved in coordinating Fund activities at the country level, to cover their respective direct costs associated with the management of the Fund in accordance with the present Terms of Reference and detailed project documents. The overall management fees for both programme implementation and fund management shall not exceed 11 per cent of funds received.

4.3. Recipients will assume full programmatic and financial accountability for the funds disbursed to them by the fund manager. For United Nations recipients, such funds shall be administered in accordance with their own regulations, rules, directives and procedures. All other recipients shall follow the reporting and audit principles prescribed by the United Nations, in respect of financial resources obtained from the Fund.

5. Governance arrangements

5.1. The General Assembly will guide the operations of the Fund. On the basis of an annual analytical report submitted by the Secretary-General pursuant to section 6 below and reflecting the lessons learned by the Peacebuilding Commission, the Assembly and the Commission may offer overall policy guidance on the use of the Fund.

5.2. The Peacebuilding Commission will support the development of integrated strategies for post-conflict peacebuilding and recovery and provide strategic advice in relation to countries under its review and may also offer overall policy guidance on the use of the Fund. The Secretary-General will keep the Commission informed of the activities financed by the Fund and lessons learned in that regard. The Commission will also review additional funding requirements that may be presented by the country, beyond the catalytic support that the Fund can extend.

5.3. The Secretary-General will appoint an independent advisory group to provide advice and oversight on the speed and appropriateness of the fund allocations and to examine performance and financial reports. On the basis of nominations from Member States, the Secretary-General will appoint to the advisory group up to 10 eminent personalities, selected on the basis of their peacebuilding experience, from all regions, including countries contributing to the Fund. Members will be appointed for a two-year period and the advisory group will meet at least twice a year, receiving support from the Peacebuilding Support Office.

6. Reporting, accountability, oversight and audit

6.1. For each country receiving a Fund allocation, the fund manager shall submit to the Secretary-General, through the head of the Peacebuilding Support Office, regular reports based on the reports submitted by each recipient. Consolidated financial and narrative reports shall be submitted at regular intervals to the Secretary-General and include a reflection on lessons learned.

6.2. The Secretary-General shall submit an annual report to the General Assembly, on the basis of the consolidated reports received from the fund manager. The annual report shall detail all disbursements made by the Fund and examine in detail the outcomes achieved, applying a results-based framework. Regular updates on the use of Fund resources shall be published on a dedicated website. The Peacebuilding Support Office will make active use of evaluations and lessons learned exercises so as to rapidly build up a body of knowledge and best practices with respect to the utilization of the Fund.

6.3. The Fund will be subject solely to the external and internal audit procedures of the United Nations.

7. Contributions to the Peacebuilding Fund

7.1. The initial funding target of the Peacebuilding Fund is set at $250 million. Voluntary contributions to the Fund will be accepted from States Members of the United Nations, intergovernmental organizations and other sources, including the private sector, following the adoption of the Terms of Reference.

7.2. The Fund is a multi-year standing fund and requires continuous income to maintain its operability. A fund-raising drive to solicit for the replenishment of the Fund will be initiated once the income level drops below a predetermined minimum floor. Should cash reserves remain above this level, an annual replenishment exercise will be held on the anniversary date of the launch of the Fund. Under both modalities, the Administrator of the United Nations Development Programme will provide detailed expenditure reports to donors on the use of the Fund so as to provide substantive support to the replenishment request.

7.3. Donor consultations will be held on an annual basis to apprise financial contributors on the operations of the Fund and to solicit their feedback on the use of funds.

8. Review and amendment

8.1. The Terms of Reference shall be reviewed no later than two years after their adoption. Following consultations with the advisory group and the outcome of an independent evaluation, where appropriate, the head of the Peacebuilding Support Office may initiate a formal process to amend the Terms of Reference.